GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:105
ANSWERED ON:25.07.2016
Prices of Petroleum Products
Kirtikar Shri Gajanan Chandrakant;Mishra Shri Bhairon Prasad

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of increase/decrease in the prices of petrol, diesel, LPG, CNG, PNG, Kerosene including reasons for not reducing the oil prices commensurate with the reduction of price of crude oil in the international market during the last three years and the current year;
(b) the taxes/duties imposed and subsidy provided by the Government on the petroleum products during the above period, product-wise;
(c) whether the Government proposes to control the petroleum production/prices with a view to keeping a check on export-import and has also prepared/discovered any substitute for petrol and diesel to provide clean energy in future and if so, the details thereof;
(d) whether the Government has not been able to reap the benefits of cheaper crude oil in the international market on account of delay in construction of strategic reserves of crude oil; and
(e) if so, the details thereof along with their installed capacity at present and the steps taken/being taken to construct the said reserves in a time-bound manner, location-wise?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI DHARMENDRA PRADHAN)
(a) to (e): A statement is laid on the Table of the House.
Statement referred to in reply to parts (a) to (e) of the Lok Sabha Starred Question No. 105 asked by Shri Bhairon Prasad Mishra and Shri Gajanan Kirtikar to be answered on 25th July, 2016 regarding "Prices of Petroleum Products".
(a): The details of revision in the Retail Selling Prices (RSP) of Petrol, Diesel, PDS Kerosene, Domestic LPG and CNG at Delhi since 1st April, 2013 are given in Annexure I and II.
The prices of Petrol and Diesel have been made market determined by the Government effective 26th June, 2010 and 19th October, 2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of these products in line with their international prices and other market conditions. The Government continues to modulate the effective price to consumer for Subsidized Domestic LPG and Retail Selling Price (RSP) of PDS Kerosene. Further, price of CNG/PNG is fixed by the concerned City Gas Distribution (CGD) entities as per market dynamics.
RSP of Petrol and Diesel in the country are linked to their respective international prices and OMCs are at present applying Trade Parity Pricing methodology to compute the RSP. Other cost elements in the RSP of Petrol & Diesel viz Excise Duty, BS IV premium, marketing cost and margins etc. are specific costs which do not increase/decrease with the volatility in international prices of Petrol and Diesel. The element of excise duty which is specific in nature has been increased since November, 2014. Most of the State Governments also have increased VAT on Petrol and Diesel. After taking into account these factors, Public Sector OMCs have passed on major portion of the decrease in price to the consumers of Petrol and Diesel.
(b): The details of taxes levied by the Central Government and State Governments on major petroleum products since 1.4.2013 are given in Annexure III and Annexure IV respectively. The details of subsidy/ under-recovery on major petroleum products since 2013-14 are given in Annexure V.
(c): Pricing of petroleum products, except Subsidized Domestic LPG and PDS Kerosene, is deregulated and Public Sector OMCs take appropriate decision on pricing of these products in line with their international prices and other market conditions. Besides, Public Sector Oil Companies also take appropriate decision regarding import/export of petroleum products, as per the demand-supply scenario. As regards substitution for Petrol and Diesel to provide clean energy, the Government, through Public Sector OMCs, is implementing Ethanol Blended Petrol (EBP) Programme under which, Public Sector OMCs sell ethanol blended petrol with percentage of ethanol upto 10%, depending upon availability of ethanol. Besides, the Government has opened second generation ethanol route (cellulosic and lignocellulosic route) for production of ethanol with effect from 10.12.2014. Also, retailing of bio-diesel blended diesel by Public Sector OMCs have started on World Biofuel Day, i.e, 10.8. 2015.
(d) & (e): Strategic reserve at Visakhapatnam has been commissioned and filled with crude oil in October, 2015. The strategic reserves at Mangalore and Padur have also been mechanically completed in November, 2015 and May, 2015 respectively. Now, Mangalore cavern is ready to receive crude oil. Commissioning of Padur reserve needs laying of pipeline which was delayed due to Right of Use (RoU) problems. Ministry of Petroleum and Natural Gas has been continuously monitoring the progress of pipelines and regular meetings have been held with the Government of Karnataka and local District Administration to resolve the issues. ******